

NOV 14 1957

OGC Has Reviewed

12 August 1957

MEMORANDUM FOR: Deputy Director (Support)

SUBJECT: Revised Agency Compensation System

25X1 1. After a review of the proposed compensation system, I discussed it with Colwell Beers who indicated that general comments were desired as well as those pertaining to its legal aspects.

2. Under the broad grant of authority to the Director in Public Law 110 and the exemption of the Agency from the Classification Act, there is technical legal authority to adopt such a system as proposed. On the other hand, there have been many oral statements and, in some instances, letters to the Civil Service Commission, Bureau of the Budget, Committees in Congress and individual Senators and Congressmen to the effect that the Agency administratively intended to adopt the GS schedules as a basic compensation plan. Therefore, any drastic overhauling of the Agency system of compensation and a justification for it should be discussed with the Civil Service Commission, the Bureau of the Budget and appropriate Congressional members.

3. In reviewing the proposed plan itself it is difficult to determine the justification for a new system and certainly there is no clear-cut explanation of what faults are to be found with the present system. The objective to be served by the system, i.e., effective "productive efforts of its personnel" is also the objective of the present compensation system. The benefits of the plan as listed in the summary come very close to be simple assertions that they are benefits but I believe just as many, if not more, arguments could be made that the so-called benefits are disadvantages. In any event there should be a full discussion of the advantages and disadvantages of the basic proposals.

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4. In compressing the number of grades from nine (9) to five (5), we are running directly counter to the recent amendments to the Foreign Service Act which increased the number of grades from six (6) to ten (10). In fact the legislative history sheds further light on this. The House Report states: "In the view of the Department the two additional classes will enable the Department to provide for a more orderly flow of promotions. The additional classes will make it possible to advance deserving officers at more frequent intervals, particularly in the lower and intermediate grades."

5. The new top grade of B-5 would erase the distinction between the grade 15 jobs and the supergrades which could be undesirable. The so-called merit raises, in my opinion, could never be distinguished in the minds of the average employee from the present in-grade promotions and surely would continue to be regarded as automatic. Therefore, we are constructing a system where longevity as such is being rewarded at a higher rate. Again, this concept runs counter to the basic principles of the Cordiner report to the Department of Defense which attempted to cut down increase in compensation solely on the basis of longevity. The Cordiner report would also limit the overlap of grades where an individual solely by virtue of long-time employment could receive more compensation than an individual in the next higher grade or rank. The proposed plan creates even greater overlapping than under the present GS schedule.

6. At the present time we utilize many Civil Service regulations and Comptroller General decisions interpreting those regulations. In addition, we place some reliance on court decisions governing the Civil Service regulations. With the smaller number of grades and a new concept of in-grade promotions, I would believe that we would be accepting many administrative headaches in attempting to adapt our proposal to existing regulations which were based on an entirely different concept.

7. Prior to taking any further steps along this line, it would seem that there should be a clear-cut statement and understanding of the faults of the present system and a recognition of the general manner in which we wish to correct these errors. In addition, I should think it would be extremely useful to consider our problems in the light of the principles and concepts enunciated in the Cordiner report and the reasoning behind the amendments to the Foreign Service Act.



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Acting General Counsel

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